April 15, 2019

Ms. Cheryl Dyas, Director of Administrative Services
City of Mission Viejo
200 Civic Center
Mission Viejo, CA 92691

Dear Ms. Dyas:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Mission Viejo
Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for
the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of
Finance (Finance) on January 29, 2019. Finance has completed its review of the ROPS 19-20.

Based on a sample of line items reviewed and application of the law, Finance is approving all of
the items listed on the ROPS 19-20 at this time. However, Finance notes the following:

- The administrative costs claimed are within the fiscal year administrative cap pursuant
  to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has
  approved an amount that appears excessive, given the number and nature of the
  obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a
  fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply
  adequate oversight when evaluating the administrative resources necessary to
  successfully wind-down the Agency.

- Pursuant to HSC section 34186, successor agencies are required to report differences
  between actual payments and past estimated obligations. Reported differences in
  Redevelopment Property Tax Trust Fund (RPTTF) are used to offset current RPTTF
  distributions. The amount of RPTTF approved in the table on Page 3 includes the
  prior period adjustment resulting from the County Auditor-Controller's (CAC) review of
  the prior period adjustment form submitted by the Agency.

  Based on our review of the prior period adjustment, Finance noted the Agency
  misspent a portion of excess funds. In the ROPS 15-16 period, the Agency calculated
  it had incurred $259,867 in administrative costs; however, because the Agency was
  only authorized up to $250,000 for administrative costs, the remaining $9,867 was paid
  by the Administrative Cost Allowance received for the ROPS 16-17 period. This is
  $9,867 in excess of the maximum amount allowed pursuant to
  HSC section 34171 (b) (3). Further, pursuant to HSC section 34177 (a) (3), only those
  payments listed on a ROPS may be made by the Agency from the funds and source
  specified on the ROPS, up to the amount authorized by Finance. Finance reminds the
  Agency that funds in excess of the amounts authorized on the ROPS cannot be
  expended. Any excess funds must be either remitted to the CAC or retained and
  expended once the Agency receives approval for their use on future ROPS.

If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, except items that are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

The Agency's maximum approved RPTTF distribution for the reporting period is $1,306,364 as summarized in the Approved RPTTF Distribution table on Page 3 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:
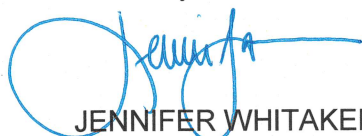
http://dof.ca.gov/Programs/Redevelopment/ROPS/

This determination is effective for the ROPS 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Nichelle Jackson, Supervisor, or Alexander Watt, Lead Analyst, at (916) 322-2985.

Sincerely,

JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Sherry Merrifield, Administrative Assistant, City of Mission Viejo
    Mr. Israel M. Guevara, Administrative Manager, Property Tax Section, Orange County

Attachment

Approved RPTTF Distribution For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	$ 708,250	$ 715,750	$ 1,424,000
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	**833,250**	**840,750**	**1,674,000**
RPTTF Authorized	708,250	715,750	1,424,000
Administrative RPTTF Authorized	125,000	125,000	250,000
Total RPTTF Authorized for Obligations	833,250	840,750	1,674,000
Prior Period Adjustment	(367,636)	0	(367,636)
Total RPTTF Approved for Distribution	$ 465,614	$ 840,750	$ 1,306,364